

Message Text

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UNCLAS BRASILIA 4152

TREASURY FOR JP SMITH

SAO PAULO PASS SECRETARY SIMON'S PARTY

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TAGS: OVIP (SECRETARY WILLIAM SIMON)

SUBJECT: SECRETARY SIMON VISIT TO BRAZIL

1. FOLLOWING IS UNOFFICIAL TRANSCRIPT OF A JOINT NEWS
CONFERENCE BY SECRETARY OF TREASURY WILLIAM SIMON AND
BRAZILIAN FINANCE MINISTER MARIO HENRIQUE SIMONSEN
HELD MAY 11 IN BRASILIA:

SECRETARY SIMON: JUST A WORD BEFORE I SPEAK

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BRIEFLY ABOUT THE AGREEMENTS THAT WE ACHIEVED IN MY VISIT

HERE TO THIS COUNTRY. THERE HAS BEEN AN UNFORTUNATE IMPRESSION CREATED IN THE WORLD THAT THE UNITED STATES WAS MOVING IN THE DIRECTION OF PROTECTIONISM, SO-CALLED, AND NOTHING COULD BE MORE UNTRUE. THE UNITED STATES HAS, AND WILL CONTINUE TO ESPOUSE A FREE AND OPEN WORLD TRADING AND INVESTMENT ORDER, AND THAT IS OF CRITICAL IMPORTANCE. WE BELIEVE IN FREE TRADE. HAVING SAID THAT, WE ALSO BELIEVE IN FAIR TRADE. WE BELIEVE SALES SHOULD BE WON BY A PRODUCER BECAUSE HE IS THE MOST EFFICIENT NOT BECAUSE HE GETS THE MOST SUBSIDIES. THE TRADE ACT OF 1974 WHICH WAS PASSED ALLOWS THE PRESIDENT, WITHIN CERTAIN CONSTRAINTS, TO NEGOTIATE A FAR-REACHING WORLD TRADE AGREEMENT. THE PROPOSAL PLACES VERY STRICT RESTRICTIONS ON THE SECRETARY OF TREASURY AS FAR AS THE DISCRETION IN THE ALL-IMPORTANT AREA OF COUNTERVAILING AND ANTI-DUMPING, WHICH OBVIOUSLY ASSURES FAIR TRADE.

ALL COUNTRIES HAVE VARIOUS MECHANISMS TO HANDLE SUBSIDIES, BOUNTIES, GRANTS AND THE DUMPING PROBLEM. THE TRADE ACT OF 1974 FORCED THE UNITED STATES TO ADJUDICATE ALL BACK ISSUES WITHIN A VERY SHORT PERIOD OF TIME--6 MONTHS. WE HAVE TAKEN CARE OF 86 CASES IN THE COUNTERVAILING AND ANTI-DUMPING AREA. ONLY 8 HAVE RESULTED IN ANY ACTION BEING TAKEN. THE REST HAVE BEEN SUCCESSFULLY NEGOTIATED AND THIS PLAIN FACT OF LIFE SHOULD ILLUSTRATE VERY DRAMATICALLY THAT INDEED THE UNITED STATES IS NOT MOVING IN THE DIRECTION OF PROTECTIONISM. THAT, PLUS THE VERY IMPORTANT PRESIDENTIAL DECISION TWO WEEKS AGO IN THE AREA OF SHOES, AS FAR AS DOMESTIC ADJUSTMENT ASSISTANCE BEING PROVIDED, AND ALLOWING NO DISRUPTION OF TRADE BETWEEN OUR TWO COUNTRIES.

THE PRESIDENT HAS ALSO REJECTED ESCAPE CLAUSE PROCEEDINGS IN KNIVES, FORKS, SPOONS, ASPARAGUS AND ZIPPERS, WHICH IS FURTHER ILLUSTRATION OF OUR POLICY.

I CAME TO THIS BEAUTIFUL COUNTRY FOR THE PURPOSE OF EXPANDING THE HORIZONS OF ECONOMIC COOPERATION BETWEEN THE UNITED STATES AND BRAZIL. I BELIEVE THAT THE JOINT COMUNIQUE THAT MY GOOD FRIEND MARIO SIMONSEN AND I ARE ISSUING TODAY EMBODIES INDEED JUST THAT. BY REACHING AGREEMENT ON VERY IMPORTANT

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BILATERAL ISSUES BETWEEN OUR COUNTRIES WE HAVE PROVIDED A MAJOR IMPETUS TO THE EXPANSION OF TRADE AND INVESTMENT BETWEEN THE UNITED STATES AND BRAZIL. BRAZIL HAS ADOPTED ECONOMIC POLICIES WHICH ARE AIMED AT ACHIEVING PRICE STABILITY IN THIS COUNTRY AND STRUCTURAL BALANCE OF PAYMENTS EQUILIBRIUM. THE UNITED STATES FULLY SUPPORTS THIS EFFORT AND I BELIEVE IT MERITS THE CONTINUED PARTICIPATION OF THE PRIVATE SECTOR WORLDWIDE.

IN THE TRADE AREA WE AGREED THAT BRAZIL WOULD ADJUST ITS EXPORT INCENTIVES WHICH WERE SERVING AS BARRIERS TO INCREASE OF EXPORTS. THE UNITED STATES WOULD ACT TO FURTHER LIBERALIZE TRADE BETWEEN OUR COUNTRIES AND ON FOOTWEAR WE WOULD NOT REEVALUATE PRESENT COUNTERVAILING DUTIES UNTIL THE LAST QUARTER OF NEXT YEAR. ON LEATHER HANDBAGS WE ARE GOING TO WAIVE COUNTERVAILING DUTIES EFFECTIVE JULY 1, 1976. ON SOYBEAN OIL WE HAVE RESOLVED THE ISSUE OF A THREATENED ACTION BEING FILED UNDER SECTION 301 OF THE TRADE ACT BY THE UNITED STATES INDUSTRY. AND IN THIS REGARD, I AM HAPPY TO SAY AND THIS IS ALSO VERY IMPORTANT THAT THE NATIONAL SOYBEAN PROCESSORS AND THE AMERICAN SOYBEAN ASSOCIATION ANNOUNCED TODAY THAT THEY WILL NOT FILE A COMPLAINT UNDER SECTION 301 OF THE TRADE ACT. THE UNITED STATES AND BRAZIL ARE GOING SEEK TO AVOID FUTURE DISAGREEMENTS OVER INCENTIVES AND COUNTERVAILING DUTY POLICY BY COMPREHENSIVE CONSULTATIONS IN ADVANCE. IN THE INVESTMENT AREA, WE AGREED THAT OUR GOVERNMENTS WILL WORK TOGETHER TO FACILITATE U.S. PRIVATE SECTOR INVESTMENTS IN BRAZIL. U.S. INVESTMENT IN BRAZIL TODAY IS OVER 3 1/2 BILLION DOLLARS. WE HAVE BEEN GIVEN A LIST OF KEY BRAZILIAN PROJECTS WHICH WE WILL TAKE BACK TO OUR COUNTRY IN SUCH AREAS AS IRON ORE AND OIL, HYDROELECTRIC, COPPER, AGRICULTURE, FERTILIZER, PESTICIDES, STEEL, PULP AND PAPER AND NON-FERROUS METALS. WE WILL TAKE THESE PROJECTS BACK TO WASHINGTON AND DISTRIBUTE THEM THROUGH THE VARIOUS MECHANISMS--THE CHAMBER OF COMMERCE, THE NATIONAL ASSOCIATION OF MANUFACTURERS, OUR DEPARTMENT OF COMMERCE, AND THE USUAL TREASURY DISSEMINATION OF THIS INFORMATION TO OUR PRIVATE SECTOR IN THE UNITED STATES.

ONE STEP THAT WOULD SERVE TO ASSIST IN EXPANDING U.S. INVESTMENT WOULD BE THE COMPLETION OF A TAX TREATY BETWEEN THE UNITED

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STATES AND BRAZIL, AND A TEAM FROM BRAZIL WILL VISIT WASHINGTON NEXT MONTH TO WORK ON THIS IMPORTANT TREATY. THERE IS ALSO A SIGNIFICANT POTENTIAL FOR BRINGING U.S. AND BRAZILIAN ENTERPRISES TOGETHER WITH OIL PRODUCING COUNTRY CAPITAL. THE UNITED STATES HAS DEVELOPED CLOSE RELATIONS WITH THESE COUNTRIES AND WE WILL BE EMPHASIZING THE POTENTIAL FOR INVESTMENT IN BRAZIL IN THIS TRI-PARTITE ARRANGEMENT.

THESE AGREEMENTS SHOULD MARK A NEW LEVEL OF ECONOMIC COOPERATION BETWEEN OUR TWO COUNTRIES. TO ENSURE THAT WE WILL GO FORWARD AT A FAST PACE MINISTER SIMONSEN AND I HAVE ESTABLISHED A FORMAL MECHANISM--A MECHANISM WITHIN THE FRAMEWORK OF THE AGREEMENT THAT WAS SIGNED BETWEEN OUR TWO COUNTRIES IN FEBRUARY OF THIS YEAR--A CONSULTATIVE GROUP ON TRADE INVESTMENT AND FINANCIAL ISSUES WHICH WILL MEET

ON A VERY REGULAR BASIS. I HAVE ASKED MY ASSISTANT SECRETARY GERALD PARSKY TO SERVE AS EXECUTIVE SECRETARY FOR THE UNITED STATES ON THIS ISSUE. SO I BELIEVE THESE ARE SIGNIFICANT ACHIEVEMENTS WHICH ARE GOING TO SERVE TO ESTABLISH EVEN CLOSER ECONOMIC TIES BETWEEN OUR TWO COUNTRIES. THANK YOU.

Q. THE AGREEMENTS WHICH YOU REFER TO HERE, AND PREVIOUS AGREEMENTS, AND THE VERY FAVORABLE COMMENTS OF SECRETARY SIMON AND DR. KISSINGER WHEN HE WAS HERE EARLIER, HAVE PRODUCED PERHAPS A VERY FAVORABLE REACTION HERE IN BRAZIL. BUT THEY HAVE PRODUCED AT THE SAME TIME SOME IRRITATION AMONG OTHER COUNTRIES IN LATIN AMERICA. MY QUESTION IS FOR MR. SIMON AND FOR MR. SIMONSEN. IS THERE RECOGNITION IN WASHINGTON, ON THE PART OF THE U.S. GOVERNMENT HERE IN BRASILIA, ON THE PART OF THE BRAZILIAN GOVERNMENT, OF THIS IRRITATION, AND IF SO, WHAT STEPS DO OHE TWO GOVERNMENTS PLAN TO TAKE TO RESOLVE THIS PROBLEM?

A. SIMONSEN: LET ME SPEAK FOR THE BRAZILIAN GOVERNMENT. WE ARE AWARE, OF COURSE, THAT SOMETIMES SUCH AN IRRITATION IS CREATED. I WOULD JUST SAY THAT BRAZIL HAS A LOT OF DOMESTIC PROBLEMS AND DOES NOT ASPIRE TO ANY KIND OF LEADERSHIP. WE ARE CONCERNED WITH OUR ONW DEVELOPMENT. WE WANT, IN FACT, TO ADJUST OUR ECONOMY TO SOLVE OUR PROBLEMS OF INFLATION AND BALANCE OF PAYMENTS AND KEEP A HIGHER RATE OF GROWTH. OUR POLICIES HAVE BEEN DESIGNED FOR OUR DOMESTIC PURPOSES.

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A. SIMON: THE UNITED STATES GOVERNMENT IS VITALLY INTERESTED IN OUR RELATIONS WITH BRAZIL, BOTH IN BILATERAL CONTEXT AND IN THE LARGER ARENA OF HEMISPHERIC AND GLOBAL RELATIONS. MY VISIT HERE AIMS AT ENHANCING AND STRENGTHENING THE CLOSE ECONOMIC TIES AND COOPERATION THAT ALREADY EXIST BETWEEN OUR TWO COUNTRIES. WE'RE NOT DOING THIS IN ISOLATION AT THE EXPENSE OF OTHER LATIN AMERICAN COUNTRIES. I FRANKLY WAS NOT AWARE OF THIS MISIMPRESSION, AS YOU STATE, AND IRRITATION. OUR ECONOMIC COOPERATION WITH BRAZIL IS NOT DONE AT THE EXPENSE, AS I SAY, OF OTHER LATIN AMERICAN COUNTRIES OR IN ISOLATION EITHER. WE WILL LOOK WITH FAVOR UPON CLOSER TIES WITH ALL OF LATIN AMERICA AND I THINK THAT MY VISIT TO CHILE EARLIER THIS WEEK DEMONSTRATED THAT.

Q. THE QUESTION IS DIRECTED TO SECRETARY SIMON. THERE IS RELATIVELY HIGH PROBABILITY THAT IN NOVEMBER THERE WILL BE A SUBSTANTIAL CHANGE IN THE U.S. GOVERNMENT. AND IF THAT DOES OCCUR, I WOULD LIKE TO KNOW TO WHAT EXTENT THE AGREEMENT REACHED HERE, AND ALL OF THE DISCUSSIONS THAT YOU HAVE HAD HERE, WILL HOLD IF THE SUBSTANTIAL CHANGE DOES OCCUR?

A. SIMON: WELL, I DON'T PRETEND TO BE A POLITICAL EXPERT ON

WHAT IS GOING TO HAPPEN IN NOVEMBER. AND I'M ALSO NOT A PROPHET, BUT ONE THING I DO HAVE IS COMPLETE CONFIDENCE IN THE WISDOM OF THE AMERICAN PEOPLE TO RE-ELECT PRESIDENT FORD AT THIS CRITICAL TIME. AND HAVING SAID THAT, HISTORY CLEARLY ILLUSTRATES VERY STRONGLY, THAT THE U.S. GOVERNMENT, AFTER OUR DEMOCRATIC ELECTION PROCESS, HONORS THE COMMITMENTS OF PREVIOUS ADMINISTRATIONS AND PREVIOUS GOVERNMENTS; AND THIS IS GOING TO CONTINUE.

Q. A U.S. NEWS MAGAZINE HAS REPORTED THAT YOU HAVE PLANS TO LEAVE THE TREASURY AFTER THE ELECTIONS. CAN YOU TELL US ABOUT YOUR PLANS?

A. YOU FELLOWS ARE GOING TO HURT MY GOOD FRIEND MARIO'S FEELINGS IF YOU DON'T ASK HIM ONE MORE QUESTION. I CAME TO THE TREASURY IN NOVEMBER OF 1972 FOR A TWO YEAR PERIOD, AT LEAST THAT'S WHAT I BELIEVED AT THE TIME, AND THIS YEAR I WILL HAVE BEEN IN THE TREASURY FOR FOUR AND A QUARTER YEARS, HANDLING SOME RATHER EXTRAORDINARY ISSUES DURING THIS HISTORICALLY IMPORTANT PERIOD IN THE UNITED STATES. AND YES, UNCLASSIFIED

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I HAVE ANNOUNCED MY INTENTION TO LEAVE THE TREASURY DEPARTMENT, AND THE UNITED STATES GOVERNMENT AT THE END OF THIS YEAR. I THINK CLEARLY THIS IS A GOOD IDEA FROM THE GOVERNMENT'S POINT OF VIEW AND THIS IS WHAT OUR FOUNDING FATHERS MEANT IN THE UNITED STATES. THAT PEOPLE WOULD COME FROM THE PRIVATE SECTOR AND COME TO GOVERNMENT AND CONTRIBUTE THEIR WISDOM, KNOWLEDGE, EXPERIENCE AND PERHAPS EVEN GAIN SOME; AND RETURN BETTER MEN TO THE PRIVATE SECTOR. I THINK THERE IS A VERY REAL DANGER THAT WHEN CABINET FELLOWS AND APPOINTEES REMAIN TOO LONG THEY BEGIN TO MAKE THE MISTAKE OF BELIEVING THAT THEY ARE WHAT THEY REPRESENT. I DO NOT WISH TO FALL INTO THAT TRAP. AND SO I WILL BE LEAVING AND RETURNING TO THE PRIVATE SECTOR IN JANUARY, MUCH TO THE DELIGHT OF SOME PEOPLE.

Q. THE QUESTION WAS ASKED ABOUT WHAT TYPE OF COMPENSATION THE BRAZILIAN GOVERNMENT WOULD GIVE THE SHOE EXPORTERS.

A. SIMONSEN: THERE ARE CERTAIN THINGS THAT CAN BE DONE AND OTHER THINGS THAT CANNOT BE DONE. AS FAR AS CREDIT IS CONCERNED, THERE WAS A CREDIT OF 12 PERCENT PREMIUM CREDIT-- 12 PERCENT WAS ON THE IPE, AND 12 PERCENT WAS FOR THE ICM. THE FIRST WILL BE MAINTAINED ON IPI. THE FIRST 12 PERCENT PREMIUM CREDIT WILL BE MAINTAINED AND THE SECOND ONE CONCERNING THE ICM WILL BE ELIMINATED. THESE COMPENSATIONS WILL BE ELIMINATED AS OF JANUARY 1, 1977. THE COMPENSATIONS WILL HAVE TO BE SOMETHING THAT DOES NOT GO AGAINST THE AGREEMENTS THAT WE HAVE REACHED.

Q. A QUESTIONER ASKED WHETHER THIS WOULD BE DECIDED ON BY THE TREASURY DEPARTMENT OR BY THE AMERICAN PRIVATE INDUSTRY.

A. SIMONSEN: THIS DECISION WILL BE IN TERMS OF CREDIT AVAILABILITY AND THE DECISION WOULD BE UP TO THE TREASURY AS TO WHAT IS OR IS NOT AGAINST THE TRADE ACT.

Q. I'D LIKE TO ASK FOR A CLARIFICATION, OR AN AMPLIFICATION IF YOU PREFER, OF SOMETHING IN THE COMMUNIQUE. WITH REFERENCE TO THE DESIRABILITY OF ADDITIONAL U.S. INVESTMENT IN BRAZIL, AS YOU MENTIONED AT SOME LENGTH IN YOUR UNCLASSIFIED

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REMARKS, THE AREAS WHERE THIS MIGHT TAKE PLACE. DOES THIS INDICATE THAT YOU NO LONGER FEEL THAT THE RESENTMENT IN U.S. LABOR, FOR EXAMPLE, AGAINST U.S. INVESTMENT OVERSEAS OR AGAINST EXPORTING JOBS AS THEY CALL IT, IS A PARTICULAR PROBLEM FOR YOU? OR IS THAT NOW A DEAD LETTER?

A. SIMON: I NEVER THINK THINGS ARE TOTALLY A DEADLETTER IN WASHINGTON BUT I THINK THAT ALL OF THE EVIDENCE THAT'S BEEN PRESENTED ON MULTINATIONAL COOPERATION OPERATIONS IN THE PAST FEW YEARS CLEARLY ILLUSTRATES THAT IT'S IN THE UNITED STATES' BEST INTEREST. THE VALUE OF EXPORTS, DEPENDING ON THE COMMODITY, REPRESENTS BETWEEN FORTY AND SEVENTY THOUSAND AMERICAN JOBS. AS FOR THE BALANCE OF PAYMENTS CONSIDERATIONS--I REMAIN CONFIDENT THAT OUR CORPORATIONS WILL INDEED CONTINUE TO OPERATE AND BE ALLOWED HOPEFULLY IN A FREE AND OPEN BORDER AROUND THE WORLD. AS INDEED THEY SHOULD BE AND AS INDEED WE IN THE UNITED STATES SHOULD ENCOURAGE FOREIGN INVESTMENT IN OUR COUNTRY, AND ADD AS FEW IMPEDIMENTS TO THIS TYPE INVESTMENT, CONSISTENT WITH OUR NATIONAL SECURITY. THESE ARE OUR POLICIES, HISTORICALLY THEY HAVE BEEN, WITH VERY FEW EXCEPTIONS, AND THEY SHALL REMAIN THAT, IN MY JUDGMENT. YOU KNOW LOTS OF THINGS ARE OFTEN SAID IN AN ELECTION YEAR ESPECIALLY; AS I'VE OFTEN SAID WASHINGTON IS THE ONLY CITY I KNOW WHERE SOUND TRAVELS FASTER THAN LIGHT.

Q. SECRETARY SIMON, YOU HAVE SAID THAT THE UNITED STATES HAS A VITAL INTEREST IN ITS RELATIONS WITH BRAZIL FROM THE BILATERAL AS WELL AS FROM THE HEMISPHERICAL POINT OF VIEW. COULD YOU EXPAND ON THAT?

A. SIMON: I THINK THAT AGAIN HISTORY CLEARLY ILLUSTRATES THE CLOSE RELATIONS BETWEEN OUR TWO COUNTRIES. WE HAVE A HISTORY AS FRIENDS, AS ALLIES. WE REPRESENT THE BIGGEST MARKET FOR BRAZILIAN EXPORTS. WE ARE IMPORTANT, OBVIOUSLY, BECAUSE NEARLY 35 PERCENT OF THE FOREIGN INVESTMENT IN THIS COUNTRY IS UNITED STATES INVESTMENT. THIS CAN INCREASE AS YOUR ECONOMY EXPANDS AND YOU REALIZE THE DREAMS THAT YOU HAVE FOR THE BRAZILIAN ECONOMY. AND

THIS OF COURSE IMPLIES A REMOVAL OF ALL IRRITANTS, REAL AND
IMAGINED, THAT EXIST TO EXPANDING THE
ECONOMIC AND FINANCIAL AND INVESTMENT
COOPERATION BETWEEN OUR TWO COUNTRIES. AND THIS IS WHAT WE
ATTEMPT TO DO BECAUSE SOMETIMES THESE IRRITANTS, WHILE ONE MIGHT
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DESCRIBE THEM AS MINOR, AGAIN THEY ARE BLOWN UP OUT OF PROPORTION
AND ACT AS A REAL INHIBITOR TO THE FREE FLOW OF UNITED
STATES-BRAZILIAN RELATIONS.

1. THE QUESTION IS TO BOTH SECRETARY SIMON AND TO MR. SIMONSEN.
IT IS ABOUT THE REFERENCE MADE TO SOYBEANS. SINCE BRAZIL AND
THE U.S. COMPETE IN THE SOYBEAN MARKET, COULD YOU BETTER EXPLAIN
THE PURPOSES OF DISCUSSION OF TRADE POLICY IN ORDER TO INCREASE
THE DEMAND FOR SOYBEAN CONSUMPTION IN THE WORLD, AND HOW THIS
IS GOING TO BE ACHIEVED?

A. SIMONSEN: OUR INTENTION IS NOT TO PRODUCE ANY CARTEL ON
SOYBEANS, NOT TO CREATE ANY CARTEL, JUST TO INCREASE THE
CONSUMPTION OF SOYBEANS ALL OVER THE WORLD BECAUSE WE ARE
INTERESTED IN INCREASING OUR EXPORTS.

A. SIMON: THERE IS NO FURTHER ANSWER TO THAT. WE ARE NOT ...
GOING TO FORM A "SOY-PEC." I JUST AGREE WITH MARIO'S ANSWER
COMPLETELY. WE WANT TO HAVE A FREE, OPEN, FAIR TRADING ORDER.
THIS GOES FOR SOYBEANS, WITH THE REMOVAL OF WHATEVER BARRIERS
EXIST TO THIS GOAL.

Q. MR. SECRETARY, YOU REFER TO CARTELS AND TO OPEC, TO FAIR AND
FREE TRADE, AND I ADJIRE GREATLY THE FIRNESS IN WHICH YOU
AND MINISTER SIMONSEN REFER TO FUTURE TRENDS AS FAR AS TRADE
IS CONCERNED. BUT I HAVE A DOUBT, I ASKED MYSELF WHETHER THERE
IS ANY SYSTEM WHICH WILL INSURE SAFETY IN THE FUTURE AGAINST
STRESS SUCH AS THE OIL CRISIS WHICH WE HAVE SUFFERED IN THE
LAST FEW YEARS. ARE THERE ANY OBJECTIVES WHICH HAVE BEEN
IMAGINED FOR THE FUTURE TO AVOID THE PROBLEMS WE HAVE HAD
IN THE PAST?

A. ONE HAS TO RECOGNIZE IN THE CASE OF OPEC, THE FEARS
THAT WERE BORN EARLY IN 1974, THAT THIS INDEED COULD BE
ACCOMPLISHED IN MANY OTHER COMMODITIES. THE ABILITY TO
SUBSTITUTE IN OTHER COMMODITIES -- SUCH AS BAUXITE AND
ALUMINUM, ETC., IS CLEARLY THERE. THIS PLACES AN OBVIOUS
LIMIT ON THE ABILITY TO EXTORT BLACKMAIL, IF YOU WILL, AS
THEY ARE DOING IN THE CASE OF OIL. AND WHERE WE HAVE A
VERY UNIQUE COMMODITY, WHERE THE WORLD TODAY DEPENDS FOR
65 PERCENT OF ITS ENERGY ON THE COMMODITY OF OIL, AND WHERE
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A GROUP OF COUNTRIES THAT CONTROL ALMOST 70 PERCENT OF THE WORLD'S PROVEN RESERVES OF OIL CAN BAND TOGETHER FOR A TIME - AND I UNDERLINE FOR A TIME. ANYBODY WHO CARES TO LOOK IN A BALANCED WAY AND LOOK AT THE HISTORY OF CARTELS--WHILE THIS ONE WILL GO DOWN IN HISTORY PERHAPS AS ONE OF THE MOST IMPORTANT CARTELS AND ONE OF THE MOST SUCCESSFUL, IN-DEED, DUE TO THE LACK OF ABILITY TO SUBSTITUTE IN THE NEAR TERM--THEY ARE GOING TO MEET THE SAME FATE AS EVERY CARTEL HAS IN HISTORY.

IT IS A MATTER OF TIME. IT IS ALSO A MATTER OF THE RESPONSE ON THE PART OF THE OIL CONSUMING WORLD, TO FIRST CONSERVE. WE ARE WASTEFUL. WE ARE THE PRIME WASTERS OF THE WORLD IN THE UNITED STATES. SIX PERCENT OF THE WORLD'S POPULATION THAT USES 35 PERCENT OF THE WORLD'S ENERGY. WE HAVE TO CHANGE OUR ENERGY HABITS TO BRING ON THE ABILITY FOR SELF-SUFFICIENCY IN THE UNITED STATES, TO BRING ON THE EXISTING STATE OF THE ART.

WE ARE ONLY PRODUCING AS MUCH COAL IN THE UNITED STATES AS WE PRODUCED FORTY YEARS AGO. THE OUTER CONTINENTAL SHELF--WE'VE DRILLED LESS THAN 5 PERCENT OF THIS POTENTIALLY PROLIFIC AREA. WE CONTINUE TO CONTROL THE PRICE RIDICULOUSLY OF NATURAL GAS AND OIL IN OUR COUNTRY--ALTHOUGH THE PRICE OF OIL IS BEING PHASED OUT. NUCLEAR CONSTRUCTION HAS BEEN INHIBITED THROUGH MASSIVE GOVERNMENT REGULATIONS AND THEN, OF COURSE, THE ENVIRONMENTALISTS TAKE OVER AND IT TAKES ELEVEN YEARS TO BUILD A NUCLEAR PLANT VERSUS FOUR TO FOUR AND A HALF IN ANY OTHER COUNTRY IN THE WORLD; EFFECTIVELY DOUBLING THE PRICE. SO, WE SHOULD HAVE A LABEL ON OUR ENERGY CRISIS IN THE UNITED STATES -- "MADE IN WASHINGTON, TGMCA" BECAUSE WE HAVE TO REMOVE THE IMPEDIMENTS THAT HAVE BEEN ERECTED AND ALLOW THE SYSTEM TO FUNCTION.

I, AGAIN, SIMILAR TO THE SOMEWHAT FACTITIOUS COMMENT I MADE BEFORE, HAVE CONFIDENCE IN THE ULTIMATE WISDOM OF THE PEOPLE IN THE WORLD AS FAR AS WHAT'S IN THEIR BEST INTERESTS.

LET'S UNDERSTAND THAT EVERYONE ALWAYS OPERATES IN THEIR OWN BEST INTEREST ULTIMATELY AFTER THEY'VE HAD TIME TO REFLECT ON THE

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SUBJECT, AND IT IS FREE TRADE AND INVESTMENT THAT HAS BUILT THIS WORLD--NOT THE CARTELS AND NOT THE CONTROLS THAT OUR GOVERNMENT CONTRIVED. THIS IS THE DIRECTION THAT WE SEEK. THIS IS THE

DIRECTION THAT THE MULTILATERAL TRADE NEGOTIATIONS ARE TAKING;
TO CREATE A CLIMATE WHERE ALL CAN PARTICIPATE IN A SHARED PROSPERITY.

I ENJOYED BEING WITH ALL OF YOU HERE, AND SEE YOU ALL FISHING
ON THE AMAZON. I'M GOING TO BRING SOME PIRANHA BACK TO
WASHINGTON. (END OF PRESS CONFERENCE)

NOTE FOR SECRETARY SIMON'S PARTY: PRESS CONFERENCE INTRODUCTORY
REMARKS BY SECRETARY SIMONSEN WILL BE SENT SEPTTEL MAY 12 AFTER
CLEARING UP QUESTIONS OF LANGUAGE ON TAPES.
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